

THRU : Executive, Research and Reports
: Chief, Economic Research Area
: Acting Chief, Services Division

24 November 1954

Discussion With Clark Committee Staff Members

1. The questions asked by Colonel Miller and Mr. Magruder were concerned with the administration of the Division and problems of duplication in functions within CIA and within the intelligence community.

a. Administration

(1) Question: What is the mission of the Division?

Answer : To produce all-source economic intelligence on the services sector of the Soviet Bloc. To contribute to the coordination of intelligence production and to National Intelligence Estimates.

(2) Question: How many Branches are there?

Answer : Six: Transportation, Communications, Population and Manpower, Organizations and Management, Trade and Finance, and Construction.

(3) Question: What is meant by the services sector of the economy?

Answer : By the services sector, we mean those industries and activities which serve other segments, such as the industrial or agricultural segments, or are of common concern, such as population and manpower.

(4) Question: How many people have you?

Answer : [REDACTED]

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(5) Question: What is your T/O and what are you doing to fill it?

Answer : [REDACTED]
vacancies.

People are in process for all

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(6) Question: Do vacancies represent a loss in personnel, or merely a margin of unfilled positions?

Answer : Our failure to staff completely is, in part, due to resignations and transfer of personnel. (No further details were requested or given.)

(7) Question: What are the functions of this Division?

Answer : Summarized briefly, there are four major functions: (1) Intelligence Staff Function; (2) Coordination Function; (3) Research Function; and (4) Training. The answer included an expansion of these four.

(8) Question: Do you staff according to need or in order to match a rigid T/O?

Answer : We staff according to needs. At this point, we mentioned the personnel strength of the various Branches.

b. Problems of Duplication in functions Within CIA and Within CIA and Within the Intelligence Community

(1) Question: Why can't the Basic Division produce the intelligence we need on population and manpower?

Answer : The Basic Division publishes an encyclopedia on the subject that is not always timely and does not always provide intelligence for purposes of the NIE's and other Office-wide subjects. The Basic Division is not able to function on a crash basis and answer spot inquiries, nor do they have professionals in this field.

(2) Question: What measures have been taken to avoid duplication in the field of population and manpower? It looks as if the State Department has responsibility for the country's population and ethnic status.

Answer : The Population and Manpower Branch has the chairmanship of the EIC subcommittee in this field. This subcommittee has surveyed research deficiencies and has made recommendations for filling these deficiencies. The subcommittee also reviews research in this field and makes recommendation on it.

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[REDACTED] produces studies on the Soviet Bloc. It also provides those data and estimates as required by the community that it is in the best position to produce. We are in this field because of the need to know the present and future population and manpower available for the operation of the economy. By way of example, the importance of knowing the agricultural labor force and the productivity of this force was pointed out.

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(3) Question: (Col. Miller) Who requested that this [REDACTED] be set up.

Answer: The professionals in the field (State, CIA, etc.) decided that this was needed, wrote up a recommendation which was approved by the IAC and thereupon financed by CIA, and operated through the NIC subcommittee.

(4) Question: What studies have been produced by Agencies other than the CIA in the field of population and manpower within the last two years?

Answer: (No answer could be given to this question, and Colonel Miller did not wish to call in the Branch Chief who would have been able to supply the answer because of the pressure of time. Col. Miller was told that the information would be supplied at a later date.)

(5) Question: Colonel Miller said, "I don't see why, if the industrial labor force is studied in the Branches of D/I, there is any need for a group here involved in this same general problem."

Answer : S/PM is concerned with research in the labor force as to what is actually available, thereby furnishing a control and check figure on what manpower requirements a particular industry might have. Moreover, this branch is concerned with making contributions to NIE's on present composition of the population and projections into the future. One of the big problems in labor force research is the present status of forced labor. It is in this connection, for example, that the research of this Branch is so valuable. The problem of transferring portions of forced labor into free labor and specific problems involving forced labor require particular attention to special sources.

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(6) Question: What measures are being taken to avoid duplication in other fields?

Answer : We are represented on four subcommittees of the EIC: Population and Manpower, Foreign Trade, Communications, and Transportation. In these fields we survey research and collection deficiencies and make recommendations for filling them, without duplication. Those projects assigned by the EIC to the CIA go into the Branch research programs. (The all-source aspect of our research was emphasized also and it was pointed out that we have, EOP from this Division, 11 people working full time [REDACTED])

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(7) Question: (Col Miller) What about this Organizations and Management Branch? What is its goal?

Answer: It is concerned with the organization of economic ministries.

(8) Question: (McGruder) You are concerned with the formal and informal lines of authority then?

Answer: Yes, and more specifically (to McGruder) here is an example of that effort (the Current Intelligence memorandum on decision making.) (McGruder noted, in reading this, that Fainsod had talked to a lot of ex-soviets.)

(9) Question: (McGruder): Is there much that you can add to Fainsod's work?

Answer: Yes. We believe that Fainsod represents a good introduction to this field of management and decision making. (McGruder): Does this Branch go into the role of the labor unions in the economy and their (labor union structure) Answer: Yes, and in this connection, the branch has done some special support for the DD/P side of the agency on Labor unions in the European Satellites.

(10) Question: (Col. Miller): How this Communications Branch--are they concerned with the knowledge that lines exist overhead and underground, etc.?

Answer: Yes. (Answer incomplete because of Col. Miller's turning to a report by S/COM on the "Foreign Broadcast Reception Potential of the USSR". Observed: Now this is the real #64 question isn't it--whether the Soviet people can really tune in our broadcasts. (At this point [REDACTED] showed them the commendation from OCS on the good work already done P/S/COM in this particular series.)

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(11) Question (Col. Miller): Are you having any kicks from the community in the field of duplication?

Answer: Only one to our knowledge;—which involves ONI and the effort by the Arctic Section of S/OM and study shipping on the northern sea route. The study of merchant shipping along the Northern Sea Route is important to an estimate of the economic development of the Soviet Arctic. ONI takes the position that the Northern Sea Route is primarily of strategic significance. We are hoping to get this matter straightened out, and in any event we are coordinating everything we do in this field with ONI.

(12) Question: by D/S staff: Are there some papers or studies that you would like to receive?

Answer (by McGruder): I believe that you will get a request for a listing of studies and for other information. We hope to get back, for this trip visit was sort of an orientation for us.

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